

AMENDED IN SENATE APRIL 26, 2011

AMENDED IN SENATE APRIL 4, 2011

AMENDED IN SENATE MARCH 21, 2011

SENATE BILL

No. 325

Introduced by Senator Rubio

February 14, 2011

An act to add Title 12.5 (commencing with Section 93300) to the Government Code, relating to railroads.

LEGISLATIVE COUNSEL'S DIGEST

SB 325, as amended, Rubio. Central California Railroad Authority.

Existing law authorizes the creation of railroad authorities in various parts of the state.

This bill would enact the Central California Railroad Authority Act to create the Central California Railroad Authority as an alternative for ensuring short-line railroad service in the Counties of Kern, Kings, Tulare, Fresno, and Merced. The bill would require the authority to be governed by a board of directors who would be appointed by the regional transportation planning agencies of the Counties of Kern, Kings, Tulare, Fresno, and Merced, thereby imposing a state-mandated local program. The bill would authorize the counties of Madera, Stanislaus, and San Joaquin to elect to join the authority. The bill would require the authority to conduct its first meeting not later than 120 days after abandonment or discontinuance of service on, or the bankruptcy or sale of, the short-line railroads in the member counties *if the member regional transportation agencies have formed a joint exercise of powers agreement to implement and manage the authority*. The bill would authorize the authority to acquire and operate railroads or select a

franchisee to operate a rail transportation system, to prepare a plan for acquisition and operation of specified railroad lines, and establish criteria for the award of a franchise for the acquisition, financing, and operation of the railroad system. The bill would further authorize the authority to issue revenue bonds pursuant to the Revenue Bond Law of 1941. The bill would provide that the state is not liable for any contract, debt, or obligation of the authority. *The bill would prohibit the authority from being a claimant for Transportation Development Act funds or from receiving funds from the Public Transportation Account.* The bill would also state the intent of the Legislature in enacting the authority.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Title 12.5 (commencing with Section 93300) is
2 added to the Government Code, to read:

3

4 TITLE 12.5. CENTRAL CALIFORNIA RAILROAD
5 AUTHORITY

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7 CHAPTER 1. GENERAL PROVISIONS

8

9 93300. This title shall be known, and may be cited, as the
10 Central California Railroad Authority Act.

11 93301. The Legislature finds and declares all of the following:

12 (a) It is the intent of the Legislature, in enacting this title, to
13 provide an alternative for ensuring railroad service if the Surface
14 Transportation Board authorizes the abandonment or
15 discontinuance of service on, or in the event of bankruptcy or sale
16 of, short-line railroads in the Counties of Kern, Kings, Tulare,
17 Fresno, and Merced.

18 (b) It is the intent of the Legislature to provide a means to
19 consider and, if justified, to pursue economic development

1 opportunities and projects related to rail service along railroad
2 lines in participating counties.

3 (c) It is the intent of the Legislature that enactment of this title
4 not provide a justification for the Surface Transportation Board to
5 grant a petition for abandonment or discontinuance of service on
6 the affected short lines.

7 (d) It is the intent of the Legislature that the authority be
8 expanded to include the Counties of Madera, Stanislaus, and San
9 Joaquin if those counties request to be included at a future date.

10 ~~(e) It is the intent of the Legislature that the authority be~~
11 ~~administered through a joint powers agreement among the regional~~
12 ~~transportation planning agencies in each of the named counties.~~

13 93302. The Legislature finds and declares that maintaining a
14 railroad service through central California will provide economic
15 benefits and do all of the following:

16 (a) Ensure continuing short-line freight railroad service between
17 Kern County and Merced County.

18 (b) Enable opportunities for the improvement of short-line rail
19 service, including passenger service connecting to high-speed rail
20 stations, extending from Kern County to the Port of Oakland.

21 (c) Reduce reliance on motor vehicles and encourage the use
22 of rail service as an alternative transportation means.

23 (d) Reduce traffic congestion on and deterioration of state and
24 federal highway systems and local roads in central California.

25 (e) Provide convenient and attractive short-line transportation
26 service for shippers and receivers through central California.

27 93303. As used in this title, “authority” means the Central
28 California Railroad Authority.

29 93304. The authority is a local agency for purposes of the
30 Disaster Assistance Act (Chapter 7.5 (commencing with Section
31 8680) of Division 1 of Title 2).

32
33 CHAPTER 2. CREATION OF THE CENTRAL CALIFORNIA RAILROAD
34 AUTHORITY
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36 93307. (a) The Central California Railroad Authority is hereby
37 created, having a service area comprised of the Counties of Kern,
38 Kings, Tulare, Fresno, and Merced, to provide rail ~~passenger and~~
39 freight service within those counties.

(b) The Counties of Madera, Stanislaus, and San Joaquin may elect to join the authority and, if that election is made, the service area of the authority is expanded to include those counties.

93308. (a) The authority shall be governed by a board of directors, composed of one ~~person~~ *board member* appointed by each of the regional transportation planning agencies of the Counties of Kern, Kings, Tulare, Fresno, and Merced. If the Counties of Madera, Stanislaus, or San Joaquin elect to join the authority, the regional transportation planning agencies of the counties so joining shall each appoint one person to the board of directors.

(b) All directors, ~~except the ex-officio director~~, shall serve for terms of two years and until their successors have qualified.

(c) Notwithstanding any other provision of law that precludes the simultaneous holding of incompatible offices, a local government officer may be appointed and may serve as a member of the authority's board of directors if the person also meets the other applicable qualifications of this title.

93309. The authority shall conduct its first meeting no later than 120 days after abandonment or discontinuance of service on any railroad line specified in Section 93301, *provided the member regional transportation agencies have formed a joint exercise of powers agreement to implement and manage the authority.*

93310. *The regional transportation planning agencies for the Counties of Fresno, Merced, Kern, Kings, and Tulare, and any regional transportation planning agencies of other counties that may elect to join the authority, may operate freight rail service within the area of jurisdiction of the authority.*

CHAPTER 3. POWERS AND DUTIES OF THE AUTHORITY

93312. The authority has all of the following powers:

(a) To acquire, own, operate, and lease real and personal property reasonably related to the operation and maintenance of railroads.

(b) To issue revenue bonds pursuant to Section 93316 for any purpose of the authority.

(c) To acquire property by purchase, lease, gift, or through exercise of the power of eminent domain, *within its area of jurisdiction.*

1 (d) To operate railroads, including those outside its boundaries
2 in order to connect its lines with the lines of another railroad
3 corporation, *provided the service begins within the authority's*
4 *area of jurisdiction.*

5 (e) To accept grants or loans from state or federal agencies.

6 (f) To select a franchisee, which may be a public or private
7 entity, to acquire or operate a rail transportation system within the
8 area of the authority's jurisdiction.

9 93313. The authority may acquire, own, lease, and operate
10 railroad lines and equipment, including, but not limited to, real
11 and personal property, tracks, rights-of-way, equipment, and
12 facilities.

13 93314. The authority may prepare a plan for the acquisition
14 and operation of any railroad line specified in Section 93301, at
15 no expense to the state, to achieve the purposes set forth in Section
16 93302.

17 93315. After preparation of a plan pursuant to Section 93314,
18 the authority may do any of the following:

19 (a) Conduct engineering and other studies related to the
20 acquisition of any railroad line.

21 (b) Evaluate alternative plans from the private sector to acquire,
22 finance, and operate a railroad system in a manner which achieves
23 the purposes specified in Section 93302.

24 (c) Establish criteria for the award of a franchise.

25 (d) Select a franchisee to acquire, finance, and operate the
26 railroad system.

27 (e) Accept grants, gifts, fees, or allocations from other entities,
28 including private and public sources.

29 (f) Employ an executive officer, other staff, and consultants
30 deemed appropriate for support of the activities of the authority.

31 93316. (a) The authority may issue bonds, payable from
32 revenues of any facility or enterprise to be acquired or constructed
33 by the authority, in the manner provided by the Revenue Bond
34 Law of 1941 (Chapter 6 (commencing with Section 54300) of Part
35 1 of Division 2 of Title 5).

36 However, an election is not required in the case of revenue bonds
37 authorized by the board of directors for railroad facilities, and any
38 addition, extension, and improvement thereto, and all other
39 facilities authorized to be acquired, constructed, or completed by
40 the authority under this title.

1 (b) The authority is a local agency within the meaning of the
2 Revenue Bond Law of 1941. The term “enterprise,” as used in that
3 law, includes railroad facilities, and any addition, extension, and
4 improvement thereto, and all other facilities authorized to be
5 acquired, constructed, or completed by the authority under this
6 title.

7 93317. The state is not liable for any contracts, debts, or other
8 obligations of the authority.

9 93318. *Agencies forming the joint powers agreement*
10 *implementing the authority shall be liable for all debts and*
11 *obligations of the authority.*

12 93319. *The authority may not utilize or be a claimant for*
13 *Transportation Development Act funds and shall not be entitled*
14 *to receive funds from the Public Transportation Account.*

15 SEC. 2. No reimbursement is required by this act pursuant to
16 Section 6 of Article XIII B of the California Constitution because
17 the only costs that may be incurred by a local agency or school
18 district are the result of a program for which legislative authority
19 was requested by that local agency or school district, within the
20 meaning of Section 17556 of the Government Code and Section
21 6 of Article XIII B of the California Constitution.